

TESTIMONY OF ROMAYNE C. BROWN
CHAIR, BOARD OF DIRECTORS
METRA COMMUTER RAILROAD
BEFORE THE
U.S. HOUSE TRANSPORTATION & INFRASTRUCTURE COMMITTEE,
SUBCOMMITTEE ON RAILROADS, PIPELINES AND HAZARDOUS MATERIALS
ON
EXAMINING THE SURFACE TRANSPORTATION BOARD'S ROLE IN ENSURING A
ROBUST PASSENGER RAIL NETWORK
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SUBMITTED BY



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Metra Commuter Rail is the commuter rail operator for Chicago and the Northeastern Illinois region. For more information, visit metrarail.com.

Introduction

Good morning, Chairman Lipinski, Ranking Member Crawford, and Members of this esteemed Subcommittee. My name is Romayne C. Brown and I am the Chair of Metra's Board of Directors. I was recently elected to this position and I am greatly looking forward to continuing to advocate for Northeastern Illinois' commuter railroad and its riders, especially during these unprecedented and trying times. I am pleased to have this opportunity to speak to you today.

Let me first begin by commending the tremendous leadership that Chairman Lipinski and Congressman Garcia have brought in advancing transportation and infrastructure in our region and our nation. On behalf of Metra and Chicago's commuters, we thank you for all that you do and will continue to do for us.

Metra was created to run Chicago's commuter rail system by the Illinois General Assembly in 1983. Our creation followed a tumultuous period in which the private railroads that had been operating the service experienced major financial problems and bankruptcies. We have since grown to be the largest commuter railroad in the country based on track miles, and the fourth largest based on pre-COVID-19 ridership.

The Metra system has 11 separate lines with 242 stations and nearly 1,200 miles of track throughout the Northeastern Illinois region. Metra owns and operates four of those lines, has trackage-rights or lease agreements to operate Metra trains over freight railroads on three lines, and has purchase of service agreements with two freight railroads, which operate commuter service on four other Metra lines.

We are also not the only transit service provider in our region. Working through the Regional Transportation Authority (RTA), we coordinate closely with the Chicago Transit Authority and the Pace commuter bus. Together, our three agencies are dedicated to providing Chicagoans of all means and backgrounds a safe, affordable trip to school, work, or a medical appointment. We are pleased to partner with Cook County to advance the Fair Transit South Cook pilot, a three-year project that will improve transit service and lower fares for south suburban and Chicago residents. The pilot will provide lower Metra fares on two of our south lines and also provide for new Pace services. We are extremely pleased and excited to partner with our sister agencies on this pilot.

Clearly, our operating environment in Chicago – the most congested railroad region in the nation – provides us with unique insights into the importance of freight and passenger railroad relationships and the role of the Surface Transportation Board (STB) in overseeing passenger rail.

COVID-19 Pandemic and Operations

However, as every Member of this panel knows, the COVID-19 pandemic has brought unprecedented hardship on families, essential workers, and small businesses across the United

States. Transit agencies like ours have been no exception and I would be remiss if I did not address the COVID-19 crisis and its impact on commuters before you here today.

In March, Congress passed the CARES Act which provided \$25 billion in emergency funding for transit agencies around the United States. This funding has been critical to the continued, safe operation of our commuter services in the Chicagoland region and ensured we could maintain well-paying rail union jobs throughout the pandemic up to this point. I must commend the commitment of our employees on the front lines as well as union leadership as they have been strong and loud advocates for additional COVID-19 emergency relief.

However, while we appreciate the necessity of the CARES Act, our agency is still facing a difficult reality as we await further action from Congress.

On October 6, Metra released its proposed \$700 million 2021 budget. The proposed budget was presented on November 13 to the Metra Board of Directors. Like our peers around the country, our budget made many assumptions about ridership, fare revenues, and operating costs, all of which have been severely impacted by the COVID-19 pandemic. Our proposed budget estimates our ridership will be about 20% of pre-COVID-19 levels by the end of 2020 and normalize around 50% by the end of 2021. However, at our current service and spending levels, we are currently projecting a \$70 million gap in our budget, which may grow if ridership does not return to projected levels.

One of the biggest conundrums of the coronavirus pandemic has been how to effectively maintain services that Chicago's essential workers rely on, while facing increased costs to maintain these services. Transit agencies like Metra are facing a new operating reality as we respond to the virus. We work daily to ensure our trains and crew facilities are stocked with sanitizer and PPE, we utilize additional maintenance vehicles and rolling stock to allow for social distancing for employees and riders, and we have expanded our human resource services to assist our employees impacted by the virus. While we are committed to safely serving the public and supporting our workforce during these unprecedented times, these are added costs that simply did not exist before the pandemic.

If we continued to run service at normal levels, we would spend \$2.65 billion over the 2021-23 period. However, our available operating funds over that same period in 2021-2023 (CARES, diminished fare revenues and diminished tax revenues) will only amount to \$2.080 billion, a gap of \$570 million. This \$570 million shortfall is largely due to lower ridership and given the pain many Chicagoans are experiencing, fare increases are not practical at this time for our Board.

Over the 2021-23 period, we are anticipating millions in additional costs for cleaning, PPE, cleaning materials, and adding extra vehicles for social distancing. Yet, we cannot spend more than we have available, unlike the federal government. Without additional financial assistance from Congress, we will face some extremely difficult decisions, including potential cuts in service, to overcome this \$570 million shortfall.

At our present “burn rate” we project that our CARES Act funding will run out sometime in the second half of 2021. While we will continue to step up to safely provide services to essential workers and those who lack access to a car, we are facing increases in costs to provide the same level of pre-pandemic service.

We must also operate with the goal of regaining riders and attracting new customers. This requires us to continue consistent service levels and provide innovative schedules, as we have done to accommodate many Chicagoland essential workers. Providing our passengers and Chicago’s workforce flexibility and reliability is something we take pride in. However, continuing to provide an attractive level of service to encourage riders to return is not without risks. If these riders do not return, we will be under further budgetary pressure.

I request your support in Congress for enacting at least another \$32 billion in emergency transit relief. This additional assistance would ensure essential transit services can continue around Chicago and our nation, and help transit prepare to drive the economic recovery as the nation returns to a more normal travel pattern. We appreciate the continued leadership and advocacy from the American Public Transportation Association (APTA), who we are pleased to be on this panel with today. Their work has been critical in uniting the nation’s transit agencies and speaking with one, urgent voice on this pressing issue.

Commuter Rail Funding

While we are desperate for additional emergency funding to deal with COVID-19, structural funding challenges also remain for Metra and the commuter rail industry.

Throughout the United States, commuter rail systems receive a combination of funding from federal, state, and local government sources, though not all receive federal funds. Our industry has been working diligently to install and implement Positive Train Control (PTC), but the federal safety mandate has put great strain on our limited dollars for state of good repair and capital projects. I am pleased to report that Metra will meet its 2020 Alternative Schedule and be fully compliant with the PTC deadline for implementation on all 11 lines. Further, legacy commuter railroads, like Metra, face unique capital challenges as we work to maintain and upgrade aging track infrastructure and rolling stock.

Since 1985, Metra has invested more than \$6 billion to rebuild, maintain and expand Chicagoland’s passenger rail network. Operating funding is provided through system-generated revenues – primarily fares – and subsidized in large part through a regional sales tax. Capital funding is provided through a variety of federal programs, state and local funding sources, and a small amount of fare revenue.

Capital funding to maintain and improve our aging system remains a constant challenge. Metra’s capital program is mostly funded through federal formula funds (Sec. 5307 and 5337) totaling \$173.6 million for Fiscal Year (FY) 2019. However, our needs far exceed the level of funding available. In fact, the RTA, our region’s transit funding and oversight agency, estimates that

Metra needs to invest \$1.2 billion annually over the next decade to achieve and maintain a state of good repair.

While we must reinvest in our network to continue to safely and efficiently move our customers, our complete PTC system is expected to cost Metra more than \$400 million, equal to the amount of federal formula funding Metra receives every 2½ years. Further, based on our own estimates and discussions with our freight railroad partners, PTC operation and maintenance costs are expected to be between 5-10% of the total installation cost per year, or \$15-\$20 million per year.

I wanted to take this opportunity to thank this Committee for its work on the INVEST in America Act, which was passed by this House as a part of the Moving Forward Act (H.R. 2). H.R. 2 contained many visionary provisions and funding levels that we have not seen before at Metra. For example, the INVEST Act authorized \$105 billion for public transportation programs funded by federal formulas. Compared to the FAST Act, this represents over a 50% increase in funding for public transit.

Additionally, we appreciate that Congress and the Federal Railroad Administration for allowing commuter railroads, including Metra, to access the Consolidated Rail Infrastructure and Safety Improvement (CRISI) grant program for PTC installation projects. Importantly, the INVEST Act builds on this important progress by increasing funding for the program by over 300%, compared to the FAST Act, and makes a wide array of commuter railroad projects eligible for funding. This would potentially include support for operating and maintaining PTC systems, a potential funding deficit for many commuter rail agencies around the country.

We were also pleased to see continued Congressional support for U.S. DOT discretionary grant programs, as well as the development of new, innovative funding programs for intercity passenger rail across the United States.

However, despite the important progress made in the INVEST Act, we remain concerned about the state of federal commuter rail funding. Creating a new grant program specifically for commuter railroads would provide much needed additional relief to public agencies, like ours, struggling to respond to the COVID-19 pandemic while ensuring our long-term capital projects are addressed.

The federal formula funding that Metra receives annually is the bedrock of our capital program. However, because our needs are great and state funding has been inconsistent, it has been nearly impossible to effectively budget and plan a capital renewal program. We believe Congress should also consider creating a dedicated formula funding stream for commuter railroads to ensure the numerous commuter rail systems across the country are no longer forced to rely on sporadic discretionary grants and can effectively plan for both safety and capital expenditures.

Metra, like other publicly funded railroads, is a highly regulated, capital-intensive entity. It requires a substantial annual investment to maintain its own rights-of-way and track structure.

Metra's capital assets are diverse and extensive: locomotives, passenger cars, track signal and communications equipment, yard and maintenance facilities, station buildings, platforms, parking lots and headquarters. Each day, the delivery of safe, reliable, efficient train service depends on these assets. Constant maintenance, rehabilitation, required COVID-19 cleanings and asset replacement, requires significant and predictable funding.

The STB and Commuter Railroads

The STB plays an important role as the economic regulator of the freight railroad industry, as well as an important adjudicating body on railroad policy related issues. It maintains a limited jurisdiction over passenger railroads, primarily focused on intercity passenger railroads. Specifically, "public transportation provided by a local government authority," is excluded from its jurisdiction, with minor exceptions.¹ However, unlike some of our commuter agency peers, Metra maintains status as a rail carrier, which provides for greater standing at the Board.

We believe that Congress should create parity amongst all publicly subsidized passenger rail operations, which includes standing at the STB. Since Congress created Amtrak as the nation's preeminent intercity and long-distance passenger rail carrier in 1970, the growth of commuter rail services has been stunning. At the time of Amtrak's creation, there was one publicly owned commuter railroad. Today, there are now over 30 active commuter rail systems in the United States that deliver over 490 million passenger trips annually and provide the safest form of surface transportation for commuters. By comparison, in FY 2018, Amtrak served approximately 32 million passengers.

This rapid growth has placed an incredible demand on our limited railroad infrastructure capacity. Commuter rail agencies must coordinate with both the freight railroads and Amtrak in order to operate, especially in Chicago where we must deal with more than 700 freight and Amtrak trains each weekday. While in general, we all work collaboratively in trying to solve issues and move goods and people in a capacity constrained system, like in all partnerships, there are sometimes challenges.

Commuter railroads and Amtrak operate with one another over some of the most congested and complex areas in the United States, including the Northeast Corridor (NEC) and the greater Chicagoland region. Since we operate together in some of the most congested regions with limited available trackage for passenger rail operations, commuter railroads, Amtrak, and other passenger transportation services often share rail terminals, yard, and stations. While Amtrak often owns many of the rail assets and stations, it is no longer necessarily the only major passenger operator in the area. In fact, in certain instances, there are stations in which commuter railroad operations are responsible for over 50%, in some cases even 60%, or 70%, of the train movements, but do not own the underlying assets or infrastructure.

¹ 49 USC 10501

Under federal law certain preferences have been given to Amtrak, including greater standing at the Surface Transportation Board; however, those preferences have not been extended to publicly funded commuter railroads even though, in many cases, Amtrak, freight railroads and commuter railroads share the same tracks. As an example, Amtrak enjoys access to freight infrastructure at incremental costs, Amtrak charges commuter railroads a market rate to utilize their infrastructure, treating state and local taxpayer dollars differently than federally provided ones.

Our current passenger rail system has not kept up with the pace of growth in commuter rail operations. Short-trip and commuter passenger services have increased dramatically yet lack parity with our intercity and long-distance passenger rail counterparts. We believe the Congress in its reauthorization of the STB should consider mechanisms that level the playing field between Amtrak and publicly-funded commuter rail agencies.

In addition to the passenger rail congestion in our region, freight trains from six Class I railroads also interact and share tracks with passenger trains from both Amtrak and our commuter trains. Because of this, Metra has developed strong working relationships with freight railroads as we work together to effectively move passengers and freight across Chicagoland.

Our partnerships are further enhanced by the landmark Chicago Region Environmental & Transportation Efficiency (CREATE) program led by Chairman Lipinski and others in our congressional delegation. This program continues to be a positive example of the federal government, rail operators, and local and state governments coming together to tackle a major challenge. Expanding capacity in Chicago, removing bottlenecks, and bringing the network to a state-of-good-repair will enhance passenger train speeds and ensure our freight partners can continue to effectively serve their customers. We continue to appreciate the Chairman's leadership on CREATE and would strongly support Congress and this Subcommittee as it considers other changes to ensure we have a modern passenger rail system that provides for a level playing field amongst all passenger rail operators.

However, even great partnerships can be challenged. Yet, unlike Amtrak, we lack the same ability to resolve disputes over right of way, on-time performance, and track access at the STB. Despite the tremendous growth of commuter rail services nationally, federal law still only provides preference to the federally subsidized passenger rail services while state and local taxpayer subsidized passenger operations are excluded from full standing at the STB. Worse, Amtrak continues this malpractice with its access rates.

Metra looks forward to working with Congress as it debates authorizing new surface transportation programs, the Surface Transportation Board, and further emergency COVID-19 relief. Our current financial outlook is bleak, as we struggle to provide the same-levels of pre-pandemic service while experiencing new and increased costs. In the long-term, while we appreciate the Committee's efforts in the INVEST Act, we continue to call on Congress to create long-term, predictable funding streams exclusively for commuter rail agencies. Lastly, we would

support federal efforts to modernize the passenger rail system and create a more level playing field between all passenger rail operators.

Metra thanks Congress for its continued support of public transportation and systems like ours and appreciates the opportunity to update this committee on our operations and challenges. Thank you for inviting me to testify and I look forward to answering any questions you may have.